

Message Text

SECRET

PAGE 01 BONN 20877 01 OF 02 311046Z

21

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 071763

R 311038Z DEC 75
FM AMEMBASSY BONN
TO SECSTATE WASHDC 5383
INFO AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
AMEMBASSY PARIS
USMISSION IAEA VIENNA
USMISSION USBERLIN
AMCONSUL BOMBAY

S E C R E T SECTION 01 OF 02 BONN 20877

EXDIS

E.O. 11652: GDS

TAGS: EMAE, ETRD, PARM, TECH, GW, IN, WB

SUBJECT: EXPORT OF HEAVY WATER EQUIPMENT TO INDIA

REF: A. STATE 303838; B. STATE 302838 (NOTAL);
C. BONN 20807; D. BONN 20433; E. BONN 20633;
F. STATE 304344

1. SUMMARY. FRG FOREIGN OFFICE IS PROCEEDING TO
IMPLEMENT "COMPROMISE" SOLUTION TO BORSIG CASE AND
HEAVY WATER COMPRESSOR SAFEGUARDS PROBLEM (REFS A AND
D). ALTHOUGH WE ARE YET FAR FROM THE END OF THESE
NEGOTIATIONS, IT SEEMS PROBABLE THAT FRG WILL REQUEST
INDIA TO PROVIDE ASSURANCES AND ACCEPT SAFEGUARDS AS
CONDITION FOR EXPORT OF BORSIG COMPRESSORS FROM WEST
BERLIN FOR INDIAN HEAVY WATER PLANT. END SUMMARY.

2. AS AUTHORIZED BY REF A, EMBOFF DISCUSSED "COMPRO-
MISE" SOLUTION (PARA 11, REF D) WITH ROUGET AND EN-
DORSED IT AS AN ACCEPTABLE WAY OF PROCEEDING WITH
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BORSIG COMPRESSOR CASE. ROUGET'S VIEW THAT BORSIG

CASE CAN AND SHOULD BE TREATED AS UNIQUE HAS BEEN STRENGTHENED BY CONSULTATIONS SUBSEQUENT TO REF D. (SEE, FOR EXAMPLE, PARA 2, REF E). ROUGET EMPHASIZED THAT THE NEGATIVE CANADIAN AND AMERICAN DECISIONS ABOUT COMPRESSORS FOR THE KOTA HEAVY WATER PLANT HAVE ESTABLISHED A POLITICAL BASIS FOR THIS DECISION-- THE FRG COULD NOT PERMIT INDIA TO USE THE BORSIG CASE TO DIVIDE THE NUCLEAR SUPPLIERS.

3. ROUGET WILL DRAFT ASSURANCES TO BE REQUESTED FROM INDIA AND FORWARD THEM TO OTHER RESPONSIBLE MINISTRIES FOR COMMENT PRIOR TO JANUARY 9.

4. ROUGET HAS ASKED TECHNOLOGY MINISTRY AND ECONOMIC MINISTRY TO DETERMINE THE VALUE OF THE BORSIG ORDER AND HOW MANY JOBS ARE INVOLVED. THE FONOFF WISHES TO AVOID IF AT ALL POSSIBLE ANY UNFAVORABLE PUBLICITY INVOLVING THE CITY OF WEST BERLIN AND A SUIT BY BORSIG AGAINST THE FRG.

5. IF FONOFF IS SUCCESSFUL IN FORTHCOMING INTER-MINISTERIAL DEBATE, ROUGET FORESEES THE FOLLOWING PROCEDURE:

A. FRG WOULD FIRST ASK INDIA TO PROVIDE ASSURANCES AND ACCEPT SAFEGUARDS.

B. IF INDIA REFUSES, AS CANADIAN EXPERIENCE INDICATES AND FRG ASSUMES, THE FRG FOREIGN OFFICE WOULD THEN TAKE APPROPRIATE ACTION, NOT RPT NOT INVOLVING THE ALLIED KOMMANDATURA

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S E C R E T SECTION 02 OF 02 BONN 20877

EXDIS

(AK) IN BERLIN. FONOFF WOULD COMMUNICATE
WITH GOI THROUGH ITS EMBASSY IN NEW DELHI
AND KEEP THE ALLIES INFORMED OF DEVELOPMENTS
THROUGH THE BONN GROUP.

6. ROUGET REITERATED THAT THIS "POLITICAL" DECISION
ON THE BORSIG CASE SHOULD BE FOLLOWED BY DISCUSSIONS
IN DEPTH AMONG THE TECHNICAL EXPERTS OF THE NUCLEAR
SUPPLIERS TO DETERMINE WHETHER COMPRESSORS, IN GENERAL,
SHOULD BE CONSIDERED EQUIPMENT "ESPECIALLY
DESIGNED AND PREPARED" FOR HEAVY WATER PLANT AND TO
DEFINE IF POSSIBLE THE MEANING OF THE "EDP" PHRASE.
ROUGET DID NOT RPT NOT BELIEVE THAT THE BORSIG DECISION
SHOULD PREJUDGE THESE CONSULTATIONS.

7. EMBASSY APPRECIATES THOUGHTFUL REVIEW OF EVENTS AND
CONSENSUS AT LONDON WORKING GROUP MEETING (REF B). WE
REVIEWED APPROPRIATE POINTS WITH UK SCIENCE COUNSELOR,
TO PLACE REPORT MENTIONED PARA 2, REF C IN ITS PROPER
CONTEXT, AND WITH ROUGET. WE PLAN TO MEET WITH TECHMIN
AND ECONMIN REPS EARLY NEXT YEAR FOR SAME PURPOSE.

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8. REF F WAS RECEIVED AFTER DISCUSSIONS REPORTED
ABOVE. WE ASSUME THAT POSSIBLE FUTURE PROCEDURE OUT-
LINED BY ROUGET (PARA 5, ABOVE) WOULD MEET OUR OBJEC-
TIVES AND MINIMIZE US EXPOSURE. EMBASSY SUGGESTS
THAT WE DISCUSS THE NATURE OF THE "APPROPRIATE ACTION"
FORESEEN IN PARA 5 B ABOVE WITH FRG FOREIGN OFFICE
AFTER FONOFF HAS WON THE INTERNAL DEBATE AND ASKED
GOI TO PROVIDE ASSURANCES AND ACCEPT SAFEGUARDS. OUR
PRIOR DISCUSSIONS OF PROCEDURES REVEALED RELUCTANCE
TO REQUIRE ANY ACTION BY BUNDESAMT FUER GWERBLICHE
WIRTSCHAFT WHICH WOULD IMPLY REVERSAL OF ITS PREVIOUS
-- THEN CORRECT -- POSITION. FRG OFFICIALS DID NOT
IN ANY WAY IMPLY THAT THEY WOULD CONSIDER PASSING THE
BUCK TO AK OR MERELY ENDORSE AK CONTROLS. ROUGET'S

RECENT COMMENTS REPORTED IN PARA 5 REINFORCE OUR UNDER
STANDING THAT FRG WILL, AS WE REQUESTED, ASSUME FULL
RESPONSIBILITY FOR ANY ACTION IT AGREES TO TAKE
(SEE PARA 4, REF E).
HILLENBRAND

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